

# DRAFT BUDGET OF JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG  
LOCAL MUNICIPALITY

(NC 451)

## 2013/2014 TO 2015/2016 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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# **JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14**

## **PART 1**

### **MAYORAL BUDGET SPEECH**

Speaker, members of the Executive Committee, Councillors, Municipal Manager, other Senior Manager, guests, ladies and gentlemen, good morning to all.

Speaker, the Joe Morolong Local Municipality is again for 2013/2014 budget year set the task to provide sustainable and economically viable local governance to our communities.

We still find ourselves in a phase of economic recovery and the provision of affordable and sustainable, quality services to all our communities remain high on the agenda. We find ourselves in a position where we have to continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the global economy.

The average inflation rate for the past year was 5.7% and the headline inflation forecast for the coming financial year is estimated to be 5.5%, 5.1% and 4.9% respectively for 2014/15 and 2015/16.

It is with the aforementioned figures in mind that we still place strong emphasis on; value for money in all our procurement processes, the encouragement of savings and the maximizing of all revenue sources for the 2013/14 financial year, as we are still striving to secure the economic progression of the municipality.

The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the National Policy frameworks and provincial priorities including the following:

- Building of capacity for long term growth through investment in infrastructure
- Focus on core service delivery activities of local government
- Job creation and sustainable economic growth
- Participation in expanded public works programs and labour intensive projects.
- Protection of the poor through viable local economic development and strengthening of the social safety net.
- Effective and participative management through the regional management model.
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.

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- Securing the health of the municipal asset base by increasing spending on repairs and maintenance.

The following underlying factors were also taken into consideration with the compilation of the 2013/14 budget:

- ✓ The National Policy framework with regards to basic service delivery to all our communities.
- ✓ External factors having a direct impact on the budget such as the Eskom tariff increase of 8%, consumer inflation, the multi-year wage agreement that have been concluded between organized labour as well as other cost factors influencing service delivery.

### **FOCUS OF THE 2013/2014 BUDGET**

With the 2013/14 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.

- ✓ Maintenance of existing infrastructure should enjoy preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- ✓ Innovative service delivery mechanisms such as the building of internal capacity to get more value for budget allocations.
- ✓ Provision of much needed infrastructure to ensure the economic progression of our communities
- ✓ Provision of basic services, improvement of the quality infrastructures well as sustainable service delivery.

### **CAPITAL BUDGET**

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable. The capital budget for the 2013/2014 financial year amounts to R81.6 Million with the main focus on the following:

- |                                   |                |
|-----------------------------------|----------------|
| ➤ Provision of water              | R 27.0 Million |
| ➤ Roads                           | R 9.7 Million  |
| ➤ Sanitation                      | R 15.0 Million |
| ➤ Traffic Testing Centre          | R 2.1 Million  |
| ➤ Sports & Recreations            | R8.3 Million   |
| ➤ Community Halls                 | R 4.8 Million  |
| ➤ Cemeteries                      | R 0.7 Million  |
| ➤ Vehicle and Specialised vehicle | R 1.9 Million  |
| ➤ Water Delivery & Sewerage Truck | R 2.2 Million  |
| ➤ Refuse Truck                    | R 1.0 million  |

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- |                                        |               |
|----------------------------------------|---------------|
| ➤ Motor Grader and Caravan             | R 3.0 Million |
| ➤ Computers, Offices Equipment & Other | R 0.8 Million |
| ➤ Kiang kop                            | R 4.3 million |
| ➤ Office Partitioning                  | R 0.5 Million |

Capital projects for the 2013/14 financial year are funded from grants receivable from the National Government amounting to R 60.2 Million and own funding to the amount of R 21.3 Million.

### **IN CONCLUSION**

The budget submitted here today is another step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

**I THANK YOU**

**K. MOLETE**

**MAYOR**

## **PART 2**

### **Council Resolution**

- ❖ Council of Joe Morolong Local Municipality, acting in terms of section 24 of the Municipality Finance Management Act: Act 56 of 2003, Table the Draft Annual Budget for 2013/14 financial year and single-year capital appropriations as set-out in the core table contained in the bound budget document with effect from the a 1 July 2013.
- ❖ The council also, acting in terms of Section 75A of the municipality System Act, Act 32 of 2000, adopted with effect from 1 July 2013.
  1. Tariffs for property rates, electricity, water supply, sanitation services and solid waste services and tariffs for other services.
  2. And the Council of Joe Morolong approved cash backing implemented through the utilisation of bulk services fees and portion of revenue generated from property rates to ensure cash backing for unspent conditional grants for effectiveness to the Municipal budget as required by the legal prescripts, Section 8 of the municipality Budget and Reporting Regulations.
  3. POLICIES APPROVED BY THE COUNCIL ALONG-SIDE WITH THE BUDGET:
    - a) Property Rates Policy
    - b) Banking and Investment Policy
    - c) Budget Policy

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- d) Credit Control and Debt Collection Policy
- e) Fixed Assets Policy
- f) Indigent Policy
- g) Risk Management Policy
- h) Supply Chain Management Policy
- i) Tariffs Policy
- j) Fruitless and Wasteful Expenditure Policy
- k) Cash Shortage Policy

**RESOLUTION: 202/2012/13**

### **PART 3**

#### **Budget Executive Summary**

Joe Morolong Local Municipality prepared the Annual budget for 2012/2013 based on the municipal budget and reporting regulations Government Gazette No: 32141 dated 17 April, 2009 and in accordance with section 16 of the municipal Finance Management Act (MFMA). The Annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

#### **❖ MUNICIPAL FINANCE MANAGEMENT ACT**

- The preparation and approval of the Annual Budget is regulated by section 16 and 24 of the MFMA, which states as follows:
  - ✓ 16 (1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
  - ✓ (2). In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
  - ✓ (3). Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.
  - ✓ 24 (1) the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
  - ✓ (2) An annual budget –
  - ✓ must be approved before the start of the budget year;
  - ✓ is approved by the adoption by council of a resolution referred to in section 17 (3) (a) (i) and

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- ✓ must be approved together with the adoption of resolutions as may be necessary –
- ✓ imposing any municipal tax for the budget year;
- ✓ setting any municipal tariffs for the budget year;
- ✓ approving measurable performance objectives for revenue from each source and for each vote in the budget.
- ✓ approving any changes to the municipality's integrated development plan and;
- ✓ approving any changes to the municipality's budget related policies.
- ✓ (3) the accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

### **❖ National Treasury's MFMA Circular No. 66 was used to guide the compilation of the 2013/14 MTREF.**

- The main challenges experienced during the compilation of the 2013/2014 MTREF can be summarised as follows:

- ✓ The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
- ✓ Elimination of non-priority expenditure that does serve the interest of service delivery to communities
- ✓ The municipality's inability to generate enough own revenue to assist the infrastructure challenges in our communities.

### **❖ The following budget principles and guidelines directly informed the compilation of the 2013/14 MTREF:**

- The budget was prepared on a zero base principle and some of the operational expenses such as advertising, some contracted services and fuel expenses were prepared based on the 2013/2014 financial year performance.
- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 draft budget;
- Intermediate service level standards were used to inform the, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address

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infrastructure backlogs. For the next financial year, tariffs and property rates have been increased and there are two separate tariffs and rates applicable to municipality; being the one for businesses and the other for residential

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Bill;

### ❖ BUDGET SUMMARY 2013/2014

#### ➤ REVENUE

- ✓ Our total revenue for the 2013/2014 amount to R182 million. For 2014/2015 and 2015/2016 the total revenue amount to R 202 Million and R 215Million respectively.
- ✓ The total revenue for 2012/2013 was R 203 Million compared to the total revenue for 2013/2014 which amount to R 182 million; we therefore have andecrease due to the grants (RBIG) which is gazetted but not as a direct 2013/2014.
- ✓ Our total revenue for 2013/2014 is from the following sources as indicated below:

| Source of Revenue                         | Amount           | %      |
|-------------------------------------------|------------------|--------|
| National Grants (E/S, MIG, FMG,MSIG,WSOG) | R 154,509,000.00 | 85.10% |
| Provincial Grants                         | R 436,000.00     | 0.24%  |
| Own Income                                | R 26,612,409.00  | 14.66% |
| Total                                     | R 181,557,409.00 | 100%   |

- ✓ Joe Morolong Local Municipality received the following grants for 2012/2013 and will receive the amount as indicated below for 2013/2014 as per Division of Revenue Act (DORA)

| CONDITIONAL GRANTS NAME OF GRANT           | Amount<br>2012/2013 | Amount<br>2013/2014 |
|--------------------------------------------|---------------------|---------------------|
| Municipal Infrastructure Grant (MIG)       | R 56,479,000.00     | R 55,253,000.00     |
| Municipal Water Infrastructure Grant       |                     | R 7,036,000.00      |
| Sports, Arts & Culture                     | R 445,000.00        | R 436,000.00        |
| Financial Management Grant (FMG)           | R 1,500,000.00      | R 1,550,000.00      |
| Water Service Operating Grant (WSOG)       | R 1,875,000.00      | R 8,000,000.00      |
| EPWP Incentives                            | R 1,000,000.00      | R 1,000,000.00      |
| Municipal Systems Improvement Grant (MSIG) | R 800,000.00        | R 890,000.00        |

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| OTHER GRANTS NAME OF GRANT | Amount<br>2012/2013 | Amount<br>2013/2014 |
|----------------------------|---------------------|---------------------|
| Equitable Shares (ES)      | R 72,127,000.00     | R 80,780,000.00     |

### ❖ Overview of budget-related policies

Indicated in the table below is a list of all policies applicable to Joe Morolong Local Municipality and policies that were reviewed for 2013/14 MTREF period. The review was necessitated in order to update policies to be more realistic and aligned to the challenges facing Joe Morolong Local Municipality.

#### List of Budget related policies tabled

#### Tabled

|                                             |           |
|---------------------------------------------|-----------|
| ➤ Property Rates Policy                     | 27-Mar-13 |
| ➤ Banking & Investment Policy               | 27-Mar-13 |
| ➤ Budget Policy                             | 27-Mar-13 |
| ➤ Credit Control & Debt Collection Policy   | 27-Mar-13 |
| ➤ Fixed Assets Policy                       | 27-Mar-13 |
| ➤ Indigent Policy                           | 27-Mar-13 |
| ➤ Risk Management Policy                    | 27-Mar-13 |
| ➤ Supply Chain Management Policy            | 27-Mar-13 |
| ➤ Tariffs Policy                            | 27-Mar-13 |
| ➤ Fruitless and Wasteful Expenditure Policy | 27-Mar-13 |
| ➤ Cash Shortage Policy                      | 27-Mar-13 |

### ❖ Draft Budget Tables – Joe Morolong Local Municipality

The following pages present the MBRR tables and explanations of each table as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 budget and MTREF as tabled by the Council on **27 March 2013**

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## ➤ Explanatory notes to MBRR Table A1 - Budget Summary

NC451 Joe Morolong - Table A1 Budget Summary

| Description<br>R thousands                                           | 2011/12         | Current Year 2012/13 |                 |                    |                   | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------------------------------|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                                      | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b><u>Financial Performance</u></b>                                  |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Property rates                                                       | –               | 10,411               | 10,999          | 10,999             | –                 | 11,684                                              | 12,412                 | 13,185                 |
| Service charges                                                      | –               | 12,361               | 12,361          | 12,361             | –                 | 13,943                                              | 15,735                 | 17,765                 |
| Investment revenue                                                   | –               | 173                  | 13              | 13                 | –                 | –                                                   | –                      | –                      |
| Transfers recognised - operational                                   | –               | 78,749               | 84,832          | 84,832             | –                 | 94,721                                              | 103,464                | 120,119                |
| Other own revenue                                                    | –               | 1,268                | 1,908           | 1,908              | –                 | 986                                                 | 657                    | 676                    |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | –               | 102,962              | 110,112         | 110,112            | –                 | 121,334                                             | 132,268                | 151,745                |
| Employee costs                                                       | –               | 27,989               | 27,844          | 27,844             | –                 | 35,317                                              | 37,545                 | 39,521                 |
| Remuneration of councillors                                          | –               | 7,554                | 6,954           | 6,954              | –                 | 7,438                                               | 7,921                  | 8,309                  |
| Depreciation & asset impairment                                      | –               | 1,152                | 1,152           | 1,152              | –                 | 5,615                                               | 5,902                  | 6,191                  |
| Finance charges                                                      | –               | 785                  | 785             | 785                | –                 | 900                                                 | 957                    | 1,004                  |
| Materials and bulk purchases                                         | –               | 9,295                | 12,068          | 12,068             | –                 | 11,006                                              | 11,997                 | 13,076                 |
| Transfers and grants                                                 | –               | 10                   | –               | –                  | –                 | –                                                   | –                      | –                      |
| Other expenditure                                                    | –               | 42,211               | 51,926          | 51,926             | –                 | 39,722                                              | 42,705                 | 50,859                 |
| <b>Total Expenditure</b>                                             | –               | 88,996               | 100,729         | 100,729            | –                 | 99,999                                              | 107,028                | 118,961                |
| <b>Surplus/(Deficit)</b>                                             | –               | 13,966               | 9,382           | 9,382              | –                 | 21,335                                              | 25,240                 | 32,784                 |
| Transfers recognised - capital                                       | –               | 55,477               | 93,503          | 93,503             | –                 | 60,224                                              | 69,721                 | 63,211                 |
| Contributions recognised - capital & contributed assets              | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,995                 |
| Share of surplus/ (deficit) of associate                             | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| <b>Surplus/(Deficit) for the year</b>                                | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,995                 |
| <b><u>Capital expenditure &amp; funds sources</u></b>                |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Capital expenditure                                                  | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,998                 |
| Transfers recognised - capital                                       | –               | 55,476               | 93,375          | 93,375             | –                 | 60,224                                              | 69,721                 | 63,211                 |
| Public contributions & donations                                     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Borrowing                                                            | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Internally generated funds                                           | –               | 13,966               | 9,510           | 9,510              | –                 | 21,335                                              | 25,240                 | 32,787                 |
| <b>Total sources of capital funds</b>                                | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,998                 |
| <b><u>Financial position</u></b>                                     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Total current assets                                                 | –               | 27,570               | 27,767          | 27,767             | –                 | 25,552                                              | 29,312                 | 33,468                 |
| Total non current assets                                             | –               | 115,223              | 599,794         | 599,794            | –                 | 80,281                                              | 87,350                 | 94,497                 |
| Total current liabilities                                            | –               | 35,865               | 35,865          | 35,865             | –                 | 12,641                                              | 15,098                 | 15,864                 |
| Total non current liabilities                                        | –               | 18,042               | 18,042          | 18,042             | –                 | 9,659                                               | 8,896                  | 8,096                  |
| Community wealth/Equity                                              | –               | 88,886               | 484,767         | 484,767            | –                 | 83,533                                              | 92,669                 | 104,004                |
| <b><u>Cash flows</u></b>                                             |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Net cash from (used) operating                                       | –               | 70,105               | 103,700         | 103,700            | –                 | 82,654                                              | 89,977                 | 96,195                 |
| Net cash from (used) investing                                       | –               | (69,315)             | (102,885)       | (102,885)          | –                 | (80,191)                                            | (87,350)               | (94,042)               |
| Net cash from (used) financing                                       | –               | (785)                | (785)           | (785)              | –                 | (784)                                               | (835)                  | (876)                  |
| <b>Cash/cash equivalents at the year end</b>                         | 20,842          | 5                    | 30              | 30                 | –                 | 1,709                                               | 3,500                  | 4,777                  |
| <b><u>Cash backing/surplus reconciliation</u></b>                    |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Cash and investments available                                       | –               | 3,515                | 6,940           | 6,940              | –                 | 30                                                  | 1,273                  | 2,628                  |
| Application of cash and investments                                  | –               | 13,021               | 16,865          | 16,865             | –                 | (12,003)                                            | (11,811)               | (13,642)               |
| <b>Balance - surplus (shortfall)</b>                                 | –               | (9,506)              | (9,925)         | (9,925)            | –                 | 12,033                                              | 13,084                 | 16,270                 |
| <b><u>Asset management</u></b>                                       |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Asset register summary (WDV)                                         | –               | 257                  | 214             | 214                | 90                | 90                                                  | –                      | 454                    |

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|                                               |   |        |        |        |       |       |        |        |
|-----------------------------------------------|---|--------|--------|--------|-------|-------|--------|--------|
| Depreciation & asset impairment               | – | 1,152  | 1,152  | 1,152  | 5,615 | 5,615 | 5,902  | 6,191  |
| Renewal of Existing Assets                    | – | 550    | –      | –      | –     | 500   | –      | –      |
| Repairs and Maintenance                       | – | 7,061  | 6,558  | 6,558  | 9,278 | 9,278 | 11,613 | 14,772 |
| <b>Free services</b>                          |   |        |        |        |       |       |        |        |
| Cost of Free Basic Services provided          | – | 20,473 | 20,473 | 20,473 | –     | –     | –      | –      |
| Revenue cost of free services provided        | – | –      | –      | –      | –     | –     | –      | –      |
| <b>Households below minimum service level</b> |   |        |        |        |       |       |        |        |
| Water:                                        | – | –      | –      | –      | –     | –     | –      | –      |
| Sanitation/sewerage:                          | – | –      | –      | –      | –     | –     | –      | –      |
| Energy:                                       | – | –      | –      | –      | –     | –     | –      | –      |
| Refuse:                                       | – | –      | –      | –      | –     | –     | –      | –      |

- ✓ Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- ✓ The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- ✓ Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard: a. The operating surplus/deficit (after Total Expenditure) is positive over the next three years (MTREF)
- ✓ Capital expenditure is balanced by capital funding sources, of which
  - i. Transfers recognised is reflected on the Financial Performance Budget;
  - ii. Internally generated funds are financed from a combination of the current operating surplus.

➤ **Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

NC451 Joe Morolong - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description  | Ref | 2011/12         | Current Year 2012/13 |                 |                    | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                      |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand                           | 1   |                 |                      |                 |                    |                                                     |                        |                        |
| <b>Revenue - Standard</b>            |     |                 |                      |                 |                    |                                                     |                        |                        |
| <i>Governance and administration</i> |     | –               | 85,825               | 86,852          | 86,852             | 95,309                                              | 108,476                | 130,756                |
| Executive and council                |     | –               | 3,642                | 3,842           | 3,842              | 4,581                                               | 5,322                  | 5,525                  |
| Budget and treasury office           |     | –               | 81,869               | 82,639          | 82,639             | 90,423                                              | 102,844                | 124,915                |
| Corporate services                   |     | –               | 315                  | 371             | 371                | 305                                                 | 310                    | 316                    |
| <i>Community and public safety</i>   |     | –               | 450                  | 5,197           | 5,197              | 462                                                 | 468                    | 476                    |
| Community and social services        |     | –               | 450                  | 450             | 450                | 452                                                 | 458                    | 465                    |
| Sport and recreation                 |     | –               | –                    | –               | –                  | 10                                                  | 11                     | 11                     |

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|                                            |          |          |                |                |                |                |                |                |
|--------------------------------------------|----------|----------|----------------|----------------|----------------|----------------|----------------|----------------|
| Public safety                              |          | -        | -              | -              | -              | -              | -              | -              |
| Housing                                    |          | -        | -              | 4,747          | 4,747          | -              | -              | -              |
| Health                                     |          | -        | -              | -              | -              | -              | -              | -              |
| <i>Economic and environmental services</i> |          | -        | 57,538         | 58,178         | 58,178         | 63,454         | 72,269         | 65,920         |
| Planning and development                   |          | -        | 56,538         | 57,178         | 57,178         | 62,454         | 72,269         | 65,920         |
| Road transport                             |          | -        | -              | -              | -              | -              | -              | -              |
| Environmental protection                   |          | -        | 1,000          | 1,000          | 1,000          | 1,000          | -              | -              |
| <i>Trading services</i>                    |          | -        | 14,626         | 53,387         | 53,387         | 22,333         | 20,775         | 17,805         |
| Electricity                                |          | -        | 5,901          | 5,901          | 5,901          | 6,751          | 7,723          | 8,835          |
| Water                                      |          | -        | 7,398          | 46,159         | 46,159         | 14,173         | 11,555         | 7,380          |
| Waste water management                     |          | -        | 789            | 789            | 789            | 839            | 891            | 946            |
| Waste management                           |          | -        | -              | -              | -              | -              | -              | -              |
| <i>Other</i>                               | 4        | -        | 537            | 537            | 537            | 571            | 606            | 644            |
| <b>Total Revenue - Standard</b>            | <b>2</b> | <b>-</b> | <b>158,438</b> | <b>203,614</b> | <b>203,614</b> | <b>181,557</b> | <b>201,988</b> | <b>214,956</b> |
| <b><u>Expenditure - Standard</u></b>       | <b>-</b> | <b>-</b> | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <i>Governance and administration</i>       |          | -        | 40,596         | 44,621         | 44,621         | 47,251         | 50,148         | 53,022         |
| Executive and council                      |          | -        | 14,578         | 13,009         | 13,009         | 17,523         | 18,570         | 19,522         |
| Budget and treasury office                 |          | -        | 10,142         | 16,803         | 16,803         | 16,790         | 17,893         | 18,732         |
| Corporate services                         |          | -        | 15,877         | 14,809         | 14,809         | 12,938         | 13,684         | 14,768         |
| <i>Community and public safety</i>         |          | -        | 6,115          | 10,768         | 10,768         | 7,343          | 7,754          | 9,458          |
| Community and social services              |          | -        | 6,115          | 6,020          | 6,020          | 7,343          | 7,754          | 9,458          |
| Sport and recreation                       |          | -        | -              | -              | -              | -              | -              | -              |
| Public safety                              |          | -        | -              | -              | -              | -              | -              | -              |
| Housing                                    |          | -        | -              | 4,747          | 4,747          | -              | -              | -              |
| Health                                     |          | -        | -              | -              | -              | -              | -              | -              |
| <i>Economic and environmental services</i> |          | -        | 13,359         | 12,810         | 12,810         | 19,102         | 19,483         | 21,623         |
| Planning and development                   |          | -        | 12,359         | 11,810         | 11,810         | 18,102         | 19,483         | 21,623         |
| Road transport                             |          | -        | -              | -              | -              | -              | -              | -              |
| Environmental protection                   |          | -        | 1,000          | 1,000          | 1,000          | 1,000          | -              | -              |
| <i>Trading services</i>                    |          | -        | 28,926         | 32,530         | 32,530         | 26,303         | 29,643         | 34,858         |
| Electricity                                |          | -        | 4,568          | 5,509          | 5,509          | -              | -              | -              |
| Water                                      |          | -        | 24,358         | 27,022         | 27,022         | 26,303         | 29,643         | 34,858         |
| Waste water management                     |          | -        | -              | -              | -              | -              | -              | -              |
| Waste management                           |          | -        | -              | -              | -              | -              | -              | -              |
| <i>Other</i>                               | 4        | -        | -              | -              | -              | -              | -              | -              |
| <b>Total Expenditure - Standard</b>        | <b>3</b> | <b>-</b> | <b>88,996</b>  | <b>100,729</b> | <b>100,729</b> | <b>99,999</b>  | <b>107,028</b> | <b>118,961</b> |
| <b>Surplus/(Deficit) for the year</b>      |          | <b>-</b> | <b>69,442</b>  | <b>102,885</b> | <b>102,885</b> | <b>81,559</b>  | <b>94,961</b>  | <b>95,995</b>  |

- ✓ Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- ✓ Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
- ✓ Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
- ✓ The total expenditure of R 100 million includes an amount of R 82 million for Capital expenditure for 2013/2014 financial year and the same principle applies for the two outer years.

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

➤ **Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

NC451 Joe Morolong - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description<br><br>R thousand            | Ref | 2011/12         | Current Year 2012/13 |                 |                    | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|-----------------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                               |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b>Revenue by Vote</b>                        | 1   |                 |                      |                 |                    |                                                     |                        |                        |
| VOTE1 - MUNICIPAL MANAGER                     |     | –               | –                    | 166             | 166                | –                                                   | –                      | –                      |
| VOTE2 - COUNCIL                               |     | –               | 3,642                | 3,677           | 3,677              | 4,581                                               | 5,322                  | 5,525                  |
| VOTE3 - FINANCE                               |     | –               | 80,353               | 80,535          | 80,535             | 90,423                                              | 102,844                | 124,912                |
| VOTE4 - CORPORATE SERVICE                     |     | –               | 175                  | 231             | 231                | 305                                                 | 310                    | 316                    |
| VOTE5 - COMMUNITY SERVICE                     |     | –               | 445                  | 445             | 445                | 10,159                                              | 10,530                 | 11,177                 |
| VOTE6 - TECHNICAL SERVICE                     |     | –               | 39                   | 80              | 80                 | 33,861                                              | 38,407                 | 38,627                 |
| VOTE7 - WATER UNIT                            |     | –               | 2,315                | 41,076          | 41,076             | 41,209                                              | 44,555                 | 34,380                 |
| VOTE8 - PLANNING AND DEVELOPMENT              |     | –               | 1,019                | 1,619           | 1,619              | 1,019                                               | 19                     | 19                     |
| VOTE9 - DMA                                   |     | –               | 13,971               | 14,559          | 14,559             | –                                                   | –                      | –                      |
| VOTE10 - MIG                                  |     | –               | 56,479               | 56,479          | 56,479             | –                                                   | –                      | –                      |
| VOTE11 - HOUSING                              |     | –               | –                    | 4,747           | 4,747              | –                                                   | –                      | –                      |
| Vote 12 - [NAME OF VOTE 12]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| Vote 13 - [NAME OF VOTE 13]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| Vote 14 - [NAME OF VOTE 14]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| Vote 15 - [NAME OF VOTE 15]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| <b>Total Revenue by Vote</b>                  | 2   | –               | 158,438              | 203,614         | 203,614            | 181,557                                             | 201,988                | 214,956                |
| <b>Expenditure by Vote to be appropriated</b> | 1   |                 |                      |                 |                    |                                                     |                        |                        |
| VOTE1 - MUNICIPAL MANAGER                     |     | –               | 3,787                | 2,525           | 2,525              | 3,523                                               | 3,729                  | 3,954                  |
| VOTE2 - COUNCIL                               |     | –               | 10,790               | 10,484          | 10,484             | 14,001                                              | 14,841                 | 15,571                 |
| VOTE3 - FINANCE                               |     | –               | 10,142               | 16,803          | 16,803             | 16,790                                              | 17,893                 | 18,732                 |
| VOTE4 - CORPORATE SERVICE                     |     | –               | 10,162               | 10,554          | 10,554             | 12,938                                              | 13,684                 | 14,768                 |
| VOTE5 - COMMUNITY SERVICE                     |     | –               | 6,115                | 6,020           | 6,020              | 7,343                                               | 7,754                  | 9,458                  |
| VOTE6 - TECHNICAL SERVICE                     |     | –               | 5,327                | 3,334           | 3,334              | 12,817                                              | 13,904                 | 15,570                 |
| VOTE7 - WATER UNIT                            |     | –               | 21,631               | 22,662          | 22,662             | 26,302                                              | 29,643                 | 34,858                 |
| VOTE8 - PLANNING AND DEVELOPMENT              |     | –               | 6,902                | 7,265           | 7,265              | 6,287                                               | 5,579                  | 6,049                  |
| VOTE9 - DMA                                   |     | –               | 13,010               | 14,123          | 14,123             | –                                                   | –                      | –                      |
| VOTE10 - MIG                                  |     | –               | 1,130                | 2,212           | 2,212              | –                                                   | –                      | –                      |
| VOTE11 - HOUSING                              |     | –               | –                    | 4,747           | 4,747              | –                                                   | –                      | –                      |
| Vote 12 - [NAME OF VOTE 12]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| Vote 13 - [NAME OF VOTE 13]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| Vote 14 - [NAME OF VOTE 14]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| Vote 15 - [NAME OF VOTE 15]                   |     | –               | –                    | –               | –                  | –                                                   | –                      | –                      |
| <b>Total Expenditure by Vote</b>              | 2   | –               | 88,996               | 100,729         | 100,729            | 99,999                                              | 107,028                | 118,961                |
| <b>Surplus/(Deficit) for the year</b>         | 2   | –               | 69,442               | 102,885         | 102,885            | 81,559                                              | 94,961                 | 95,995                 |

- ✓ Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the total budgeted operating and capital expenditure performance in relation to the organisational structure of the municipality. This table also present the overall surplus of the municipality for each budget year. The operating expenditure is separately presented on table A4 and the capital expenditure presented on table A5

# JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

## ➤ Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description                                                          | Ref  | 2011/12         | Current Year 2012/13 |                 |                    |                   | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|----------------------------------------------------------------------|------|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                                      |      | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand                                                           | 1    |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Revenue By Source</b>                                             |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Property rates                                                       | 2    | –               | 10,411               | 10,999          | 10,999             | –                 | 11,684                                              | 12,412                 | 13,185                 |
| Property rates - penalties & collection charges                      |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Service charges - electricity revenue                                | 2    | –               | 5,901                | 5,901           | 5,901              | –                 | 6,751                                               | 7,723                  | 8,835                  |
| Service charges - water revenue                                      | 2    | –               | 5,133                | 5,133           | 5,133              | –                 | 5,783                                               | 6,515                  | 7,340                  |
| Service charges - sanitation revenue                                 | 2    | –               | 789                  | 789             | 789                | –                 | 839                                                 | 891                    | 946                    |
| Service charges - refuse revenue                                     | 2    | –               | 537                  | 537             | 537                | –                 | 571                                                 | 606                    | 644                    |
| Service charges - other                                              |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Rental of facilities and equipment                                   |      |                 | 34                   | 44              | 44                 |                   | 66                                                  | 73                     | 82                     |
| Interest earned - external investments                               |      |                 | 173                  | 13              | 13                 |                   |                                                     |                        |                        |
| Interest earned - outstanding debtors                                |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Dividends received                                                   |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Fines                                                                |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Licences and permits                                                 |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Agency services                                                      |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Transfers recognised - operational                                   |      |                 | 78,749               | 84,832          | 84,832             |                   | 94,721                                              | 103,464                | 120,119                |
| Other revenue                                                        | 2    | –               | 1,234                | 1,864           | 1,864              | –                 | 920                                                 | 583                    | 594                    |
| Gains on disposal of PPE                                             |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |      | –               | 102,962              | 110,112         | 110,112            | –                 | 121,334                                             | 132,268                | 151,745                |
| <b>Expenditure By Type</b>                                           |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Employee related costs                                               | - 2  | –               | 27,989               | 27,844          | 27,844             | –                 | 35,317                                              | 37,545                 | 39,521                 |
| Remuneration of councillors                                          |      |                 | 7,554                | 6,954           | 6,954              |                   | 7,438                                               | 7,921                  | 8,309                  |
| Debt impairment                                                      | 3    |                 | 159                  | 159             | 159                |                   | 170                                                 | 181                    | 193                    |
| Depreciation & asset impairment                                      | 2    | –               | 1,152                | 1,152           | 1,152              | –                 | 5,615                                               | 5,902                  | 6,191                  |
| Finance charges                                                      |      |                 | 785                  | 785             | 785                |                   | 900                                                 | 957                    | 1,004                  |
| Bulk purchases                                                       | 2    | –               | 7,295                | 9,868           | 9,868              | –                 | 11,006                                              | 11,997                 | 13,076                 |
| Other materials                                                      | 8    |                 | 2,000                | 2,200           | 2,200              |                   | –                                                   | –                      | –                      |
| Contracted services                                                  |      | –               | –                    | –               | –                  | –                 | 6,106                                               | 6,472                  | 7,794                  |
| Transfers and grants                                                 |      | –               | 10                   | –               | –                  | –                 | –                                                   | –                      | –                      |
| Other expenditure                                                    | 4, 5 | –               | 42,052               | 51,767          | 51,767             | –                 | 33,446                                              | 36,053                 | 42,872                 |
| Loss on disposal of PPE                                              |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Total Expenditure</b>                                             |      | –               | 88,996               | 100,729         | 100,729            | –                 | 99,999                                              | 107,028                | 118,961                |
| <b>Surplus/(Deficit)</b>                                             |      | –               | 13,966               | 9,382           | 9,382              | –                 | 21,335                                              | 25,240                 | 32,784                 |
| Transfers recognised - capital                                       |      |                 | 55,477               | 93,503          | 93,503             |                   | 60,224                                              | 69,721                 | 63,211                 |
| Contributions recognised - capital                                   | 6    | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Contributed assets                                                   |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> |      | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,995                 |
| Taxation                                                             |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Surplus/(Deficit) after taxation</b>                              |      | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,995                 |
| Attributable to minorities                                           |      |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Surplus/(Deficit) attributable to municipality</b>                |      | –               | 69,442               | 102,885         | 102,885            | –                 | 81,559                                              | 94,961                 | 95,995                 |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                                          |   |   |        |         |         |   |        |        |        |
|------------------------------------------|---|---|--------|---------|---------|---|--------|--------|--------|
| Share of surplus/ (deficit) of associate | 7 |   |        |         |         |   |        |        |        |
| Surplus/(Deficit) for the year           |   | – | 69,442 | 102,885 | 102,885 | – | 81,559 | 94,961 | 95,995 |

- ✓ Total operating revenue is R 121 Million for 2013/14 and increase to R132 Million by 2014/15.
- ✓ Revenue to be generated from property rates is R10 Million in the 2013/14 and increase to 12 million by 2014/15 financial year
- ✓ Transfers recognised – operating income includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing.
- ✓ The total operational expenditure amounts to R 100 million for 2013/14 and escalate to R107 million by 2015/16.

➤ **Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

NC451 Joe Morolong - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description<br><br>R thousand                | Ref | 2011/12         | Current Year 2012/13 |                 |                    |                   | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|---------------------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                   |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b>Capital expenditure - Vote</b>                 |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Multi-year expenditure to be appropriated</b>  | 2   |                 |                      |                 |                    |                   |                                                     |                        |                        |
| VOTE1 - MUNICIPAL MANAGER                         |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| VOTE2 - COUNCIL                                   |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| VOTE3 - FINANCE                                   |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| VOTE4 - CORPORATE SERVICE                         |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| VOTE5 - COMMUNITY SERVICE                         |     | –               | –                    | –               | –                  | –                 | 8,288                                               | 8,564                  | 9,111                  |
| VOTE6 - TECHNICAL SERVICE                         |     | –               | –                    | –               | –                  | –                 | 24,723                                              | 28,157                 | 27,100                 |
| VOTE7 - WATER UNIT                                |     | –               | –                    | –               | –                  | –                 | 27,036                                              | 33,000                 | 27,000                 |
| VOTE8 - PLANNING AND DEVELOPMENT                  |     | –               | –                    | –               | –                  | –                 | 4,385                                               | 9,726                  | 7,730                  |
| VOTE9 - DMA                                       |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| VOTE10 - MIG                                      |     | –               | 47,047               | 54,047          | 54,047             | –                 | –                                                   | –                      | –                      |
| VOTE11 - HOUSING                                  |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Vote 12 - [NAME OF VOTE 12]                       |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Vote 13 - [NAME OF VOTE 13]                       |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Vote 14 - [NAME OF VOTE 14]                       |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Vote 15 - [NAME OF VOTE 15]                       |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Capital multi-year expenditure sub-total          | 7   | –               | 47,047               | 54,047          | 54,047             | –                 | 64,432                                              | 79,447                 | 70,941                 |
| <b>Single-year expenditure to be appropriated</b> | 2   |                 |                      |                 |                    |                   |                                                     |                        |                        |
| VOTE1 - MUNICIPAL MANAGER                         |     | –               | 1,015                | 828             | 828                | –                 | 800                                                 | –                      | –                      |
| VOTE2 - COUNCIL                                   |     | –               | 400                  | 389             | 389                | –                 | 800                                                 | –                      | –                      |
| VOTE3 - FINANCE                                   |     | 500             | 197                  | 127             | 127                | –                 | 177                                                 | 319                    | –                      |
| VOTE4 - CORPORATE SERVICE                         |     | 227             | 750                  | 546             | 546                | –                 | 80                                                  | –                      | 300                    |
| VOTE5 - COMMUNITY SERVICE                         |     | 500             | 5,002                | 4,321           | 4,321              | –                 | 9,815                                               | 8,300                  | 12,616                 |
| VOTE6 - TECHNICAL SERVICE                         |     | 10,463          | 2,500                | 705             | 705                | –                 | 3,085                                               | 3,200                  | 6,584                  |
| VOTE7 - WATER UNIT                                |     | 271             | 3,066                | 41,295          | 41,295             | –                 | 2,370                                               | 3,695                  | 5,557                  |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                                             |   |        |        |         |         |   |        |        |        |
|---------------------------------------------|---|--------|--------|---------|---------|---|--------|--------|--------|
| VOTE8 - PLANNING AND DEVELOPMENT            |   | 58     | 462    | 407     | 407     | - | -      | -      | -      |
| VOTE9 - DMA                                 |   | -      | 700    | -       | -       | - | -      | -      | -      |
| VOTE10 - MIG                                |   | -      | 8,302  | 220     | 220     | - | -      | -      | -      |
| VOTE11 - HOUSING                            |   | -      | -      | -       | -       | - | -      | -      | -      |
| Vote 12 - [NAME OF VOTE 12]                 |   | -      | -      | -       | -       | - | -      | -      | -      |
| Vote 13 - [NAME OF VOTE 13]                 |   | -      | -      | -       | -       | - | -      | -      | -      |
| Vote 14 - [NAME OF VOTE 14]                 |   | -      | -      | -       | -       | - | -      | -      | -      |
| Vote 15 - [NAME OF VOTE 15]                 |   | -      | -      | -       | -       | - | -      | -      | -      |
| Capital single-year expenditure sub-total   |   | 12,020 | 22,395 | 48,838  | 48,838  | - | 17,127 | 15,514 | 25,057 |
| <b>Total Capital Expenditure - Vote</b>     |   | 12,020 | 69,442 | 102,885 | 102,885 | - | 81,559 | 94,961 | 95,998 |
| <u>Capital Expenditure - Standard</u>       |   |        |        |         |         |   |        |        |        |
| <i>Governance and administration</i>        |   | -      | 2,362  | 1,891   | 1,891   | - | 1,857  | 319    | 300    |
| Executive and council                       |   |        | 1,415  | 1,217   | 1,217   |   | 1,600  | -      | -      |
| Budget and treasury office                  |   |        | 197    | 127     | 127     |   | 177    | 319    | -      |
| Corporate services                          |   |        | 750    | 546     | 546     |   | 80     | -      | 300    |
| <i>Community and public safety</i>          |   | -      | 13,305 | 5,024   | 5,024   | - | 18,103 | 16,864 | 21,727 |
| Community and social services               |   |        | 5,002  | 4,321   | 4,321   |   | 9,815  | 8,300  | 12,616 |
| Sport and recreation                        |   |        | 8,302  | 703     | 703     |   | 8,288  | 8,564  | 9,111  |
| Public safety                               |   |        |        |         |         |   | -      | -      | -      |
| Housing                                     |   |        |        |         |         |   | -      | -      | -      |
| Health                                      |   |        |        |         |         |   | -      | -      | -      |
| <i>Economic and environmental services</i>  |   | -      | 10,597 | 1,216   | 1,216   | - | 17,193 | 27,583 | 30,414 |
| Planning and development                    |   |        | 462    | 629     | 629     |   | 7,470  | 12,927 | 14,315 |
| Road transport                              |   |        | 10,135 | 587     | 587     |   | 9,723  | 14,656 | 16,100 |
| Environmental protection                    |   |        |        |         |         |   | -      | -      | -      |
| <i>Trading services</i>                     |   | -      | 43,178 | 94,754  | 94,754  | - | 44,406 | 50,195 | 43,557 |
| Electricity                                 |   |        |        |         |         |   | -      | -      | -      |
| Water                                       |   |        | 18,193 | 63,794  | 63,794  |   | 29,406 | 36,695 | 32,557 |
| Waste water management                      |   |        | 24,985 | 30,960  | 30,960  |   | 15,000 | 13,500 | 11,000 |
| Waste management                            |   |        |        |         |         |   | -      | -      | -      |
| <i>Other</i>                                |   |        |        |         |         |   | -      | -      | -      |
| <b>Total Capital Expenditure - Standard</b> | 3 | -      | 69,442 | 102,885 | 102,885 | - | 81,559 | 94,961 | 95,998 |
| <u>Funded by:</u>                           |   |        |        |         |         |   |        |        |        |
| National Government                         |   |        | 55,476 | 93,375  | 93,375  |   | 60,224 | 69,721 | 63,211 |
| Provincial Government                       |   |        |        |         |         |   |        |        |        |
| District Municipality                       |   |        |        |         |         |   |        |        |        |
| Other transfers and grants                  |   |        |        |         |         |   |        |        |        |
| Transfers recognised - capital              | 4 | -      | 55,476 | 93,375  | 93,375  | - | 60,224 | 69,721 | 63,211 |
| Public contributions & donations            | 5 |        |        |         |         |   |        |        |        |
| Borrowing                                   | 6 |        |        |         |         |   |        |        |        |
| Internally generated funds                  |   |        | 13,966 | 9,510   | 9,510   |   | 21,335 | 25,240 | 32,787 |
| <b>Total Capital Funding</b>                | 7 | -      | 69,442 | 102,885 | 102,885 | - | 81,559 | 94,961 | 95,998 |

- ✓ Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- ✓ The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- ✓ Capital expenditure has been appropriated at R 86 million for the 2013/14 financial year and remains relatively constant over the MTREF at levels of R 95 million and R 96 million respectively for the two outer years.

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

- ✓ Unlike multi-year capital appropriations, all of our capital projects are expected to be completed with a single year 2013/2014. Included in our single-year appropriations is an expenditure that will be incurred in the 2013/2014 budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- ✓ The capital programme is funded from National Treasury capital transfers and, equitable share and internally generated funds from current year surpluses.

### ➤ Explanatory notes to Table A6 - Budgeted Financial Position

NC451 Joe Morolong - Table A6 Budgeted Financial Position

| Description                              | Ref | 2011/12         | Current Year 2012/13 |                 |                    |                   | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|------------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                          |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand                               |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>ASSETS</b>                            |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Current assets                           |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Cash                                     |     |                 | –                    | 3,448           | 3,448              |                   | 30                                                  | 1,273                  | 2,628                  |
| Call investment deposits                 | 1   | –               | 3,131                | 3,131           | 3,131              | –                 | –                                                   | –                      | –                      |
| Consumer debtors                         | 1   | –               | 22,652               | 19,611          | 19,611             | –                 | 25,457                                              | 27,966                 | 30,757                 |
| Other debtors                            |     |                 | 412                  | 412             | 412                |                   | 66                                                  | 73                     | 82                     |
| Current portion of long-term receivables |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Inventory                                | 2   |                 | 1,376                | 1,165           | 1,165              |                   |                                                     |                        |                        |
| <b>Total current assets</b>              |     | –               | 27,570               | 27,767          | 27,767             | –                 | 25,552                                              | 29,312                 | 33,468                 |
| Non current assets                       |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Long-term receivables                    |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Investments                              |     |                 | 385                  | 362             | 362                |                   |                                                     |                        |                        |
| Investment property                      |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Investment in Associate                  |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Property, plant and equipment            | 3   | –               | 114,582              | 599,218         | 599,218            | –                 | 80,191                                              | 87,350                 | 94,042                 |
| Agricultural                             |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Biological                               |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Intangible                               |     |                 | 257                  | 214             | 214                |                   | 90                                                  | –                      | 454                    |
| Other non-current assets                 |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <b>Total non current assets</b>          |     | –               | 115,223              | 599,794         | 599,794            | –                 | 80,281                                              | 87,350                 | 94,497                 |
| <b>TOTAL ASSETS</b>                      |     | –               | 142,794              | 627,560         | 627,560            | –                 | 105,833                                             | 116,662                | 127,964                |
| <b>LIABILITIES</b>                       |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Current liabilities                      |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Bank overdraft                           | -   |                 | –                    |                 |                    |                   |                                                     |                        |                        |
| Borrowing                                | 4   | –               | 759                  | 759             | 759                | –                 | 784                                                 | 835                    | 876                    |
| Consumer deposits                        |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Trade and other payables                 | 4   | –               | 35,106               | 35,106          | 35,106             | –                 | 7,150                                               | 9,250                  | 9,650                  |
| Provisions                               |     |                 |                      |                 |                    |                   | 4,706                                               | 5,012                  | 5,338                  |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                               |   |   |        |         |         |   |        |        |         |
|-------------------------------|---|---|--------|---------|---------|---|--------|--------|---------|
| Total current liabilities     |   | – | 35,865 | 35,865  | 35,865  | – | 12,641 | 15,098 | 15,864  |
| Non current liabilities       |   |   |        |         |         |   |        |        |         |
| Borrowing                     |   | – | 6,236  | 6,236   | 6,236   | – | 5,744  | 4,909  | 4,032   |
| Provisions                    |   | – | 11,806 | 11,806  | 11,806  | – | 3,915  | 3,987  | 4,063   |
| Total non current liabilities |   | – | 18,042 | 18,042  | 18,042  | – | 9,659  | 8,896  | 8,096   |
| TOTAL LIABILITIES             |   | – | 53,908 | 53,908  | 53,908  | – | 22,300 | 23,994 | 23,960  |
| NET ASSETS                    | 5 | – | 88,886 | 573,653 | 573,653 | – | 83,533 | 92,669 | 104,004 |
| COMMUNITY WEALTH/EQUITY       |   |   |        |         |         |   |        |        |         |
| Accumulated Surplus/(Deficit) |   |   | 88,886 | 484,767 | 484,767 |   | 83,533 | 92,669 | 104,004 |
| Reserves                      | 4 | – | –      | –       | –       | – | –      | –      | –       |
| Minorities' interests         |   |   |        |         |         |   |        |        |         |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | – | 88,886 | 484,767 | 484,767 | – | 83,533 | 92,669 | 104,004 |

- ✓ Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- ✓ This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- ✓ The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- ✓ Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

### ➤ Explanatory notes to Table A7 - Budgeted Cash Flow Statement

NC451 Joe Morolong - Table A7 Budgeted Cash Flows

| Description                         | Ref | 2011/12         | Current Year 2012/13 |                 |                    |                   | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|-------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                     |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| R thousand                          |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| CASH FLOW FROM OPERATING ACTIVITIES |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Receipts                            |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Ratepayers and other                |     |                 | 23,019               | 23,019          | 23,019             |                   | 19,971                                              | 21,635                 | 23,886                 |
| Government - operating              | 1   |                 | 78,877               | 85,598          | 85,598             |                   | 94,721                                              | 103,464                | 120,119                |
| Government - capital                | 1   |                 | 55,349               | 92,967          | 92,967             |                   | 60,224                                              | 69,721                 | 63,211                 |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                                                   |   |        |          |           |           |   |          |           |           |
|---------------------------------------------------|---|--------|----------|-----------|-----------|---|----------|-----------|-----------|
| Interest                                          |   |        | 173      | 13        | 13        |   |          |           |           |
| Dividends                                         |   |        |          |           |           |   |          |           |           |
| Payments                                          |   |        |          |           |           |   |          |           |           |
| Suppliers and employees                           |   |        | (87,193) | (97,112)  | (97,112)  |   | (91,362) | (103,886) | (110,017) |
| Finance charges                                   |   |        | (110)    | (785)     | (785)     |   | (900)    | (957)     | (1,004)   |
| Transfers and Grants                              | 1 |        | (10)     | –         | –         |   |          |           |           |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |   | –      | 70,105   | 103,700   | 103,700   | – | 82,654   | 89,977    | 96,195    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |   |        |          |           |           |   |          |           |           |
| Receipts                                          |   |        |          |           |           |   |          |           |           |
| Proceeds on disposal of PPE                       |   |        |          |           |           |   |          |           |           |
| Decrease (Increase) in non-current debtors        |   |        |          |           |           |   |          |           |           |
| Decrease (increase) other non-current receivables |   |        |          |           |           |   |          |           |           |
| Decrease (increase) in non-current investments    |   |        |          |           |           |   |          |           |           |
| Payments                                          |   |        |          |           |           |   |          |           |           |
| Capital assets                                    |   |        | (69,315) | (102,885) | (102,885) |   | (80,191) | (87,350)  | (94,042)  |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |   | –      | (69,315) | (102,885) | (102,885) | – | (80,191) | (87,350)  | (94,042)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |   |        |          |           |           |   |          |           |           |
| Receipts                                          |   |        |          |           |           |   |          |           |           |
| Short term loans                                  |   |        |          |           |           |   |          |           |           |
| Borrowing long term/refinancing                   |   |        |          |           |           |   |          |           |           |
| Increase (decrease) in consumer deposits          |   |        |          |           |           |   |          |           |           |
| Payments                                          |   |        |          |           |           |   |          |           |           |
| Repayment of borrowing                            |   |        | (785)    | (785)     | (785)     |   | (784)    | (835)     | (876)     |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |   | –      | (785)    | (785)     | (785)     | – | (784)    | (835)     | (876)     |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |   | –      | 5        | 30        | 30        | – | 1,679    | 1,792     | 1,276     |
| Cash/cash equivalents at the year begin:          | 2 | 20,842 |          |           |           | – | 30       | 1,709     | 3,500     |
| Cash/cash equivalents at the year end:            | 2 | 20,842 | 5        | 30        | 30        | – | 1,709    | 3,500     | 4,777     |

✓ The budgeted cash flow statement is the first measurement in determining if the budget is funded.

✓ It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

### ➤ Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC451 Joe Morolong - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description                                | Ref | 2011/12         | Current Year 2012/13 |                 |                    |                   | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-------------------|-----------------------------------------------------|------------------------|------------------------|
|                                            |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b>R thousand</b>                          |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| <u>Cash and investments available</u>      |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Cash/cash equivalents at the year end      | 1   | 20,842          | 5                    | 30              | 30                 | –                 | 1,709                                               | 3,500                  | 4,777                  |
| Other current investments > 90 days        |     | (20,842)        | 3,126                | 6,549           | 6,549              | –                 | (1,679)                                             | (2,227)                | (2,149)                |
| Non current assets - Investments           | 1   | –               | 385                  | 362             | 362                | –                 | –                                                   | –                      | –                      |
| <b>Cash and investments available:</b>     |     | –               | 3,515                | 6,940           | 6,940              | –                 | 30                                                  | 1,273                  | 2,628                  |
| <u>Application of cash and investments</u> |     |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Unspent conditional transfers              |     | –               | 18,082               | 18,082          | 18,082             | –                 | 1,350                                               | 1,400                  | 1,550                  |
| Unspent borrowing                          |     | –               | –                    | –               | –                  | –                 | –                                                   | –                      | –                      |
| Statutory requirements                     | 2   |                 |                      |                 |                    |                   |                                                     |                        |                        |
| Other working capital requirements         | 3   | –               | (5,061)              | (1,217)         | (1,217)            | –                 | (13,353)                                            | (13,211)               | (15,192)               |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                                            |   |   |         |         |         |   |          |          |          |
|--------------------------------------------|---|---|---------|---------|---------|---|----------|----------|----------|
| Other provisions                           |   |   |         |         |         |   |          |          |          |
| Long term investments committed            | 4 | - | -       | -       | -       | - | -        | -        | -        |
| Reserves to be backed by cash/investments  | 5 |   |         |         |         |   |          |          |          |
| Total Application of cash and investments: |   | - | 13,021  | 16,865  | 16,865  | - | (12,003) | (11,811) | (13,642) |
| Surplus(shortfall)                         |   | - | (9,506) | (9,925) | (9,925) | - | 12,033   | 13,084   | 16,270   |

- ✓ The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- ✓ In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- ✓ The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- ✓ Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded

### Explanatory notes to Table A9 - Asset Management

NC451 Joe Morolong - Table A9 Asset Management

| Description<br><br>R thousand           | Ref | 2011/12         | Current Year 2012/13 |                 |                    | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|-----------------------------------------|-----|-----------------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                         |     | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b>CAPITAL EXPENDITURE</b>              |     |                 |                      |                 |                    |                                                     |                        |                        |
| <u>Total New Assets</u>                 | 1   | -               | 68,892               | 102,385         | 102,385            | 81,059                                              | 94,591                 | 95,610                 |
| Infrastructure - Road transport         |     | -               | 10,135               | 587             | 587                | 9,723                                               | 14,656                 | 16,100                 |
| Infrastructure - Electricity            |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Infrastructure - Water                  |     | -               | 15,127               | 61,294          | 61,294             | 27,036                                              | 33,000                 | 27,000                 |
| Infrastructure - Sanitation             |     | -               | 24,985               | 30,960          | 30,960             | 15,000                                              | 13,500                 | 11,000                 |
| Infrastructure - Other                  |     | -               | 320                  | -               | -                  | -                                                   | -                      | -                      |
| Infrastructure                          |     | -               | 50,567               | 92,841          | 92,841             | 51,759                                              | 61,156                 | 54,100                 |
| Community                               |     | -               | 12,115               | 5,007           | 5,007              | 13,768                                              | 14,464                 | 18,911                 |
| Heritage assets                         |     | -               | -                    | -               | -                  | 4,285                                               | 9,357                  | 7,343                  |
| Investment properties                   |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Other assets                            | 6   | -               | 5,953                | 4,323           | 4,323              | 11,157                                              | 9,614                  | 14,802                 |
| Agricultural Assets                     |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Biological assets                       |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Intangibles                             |     | -               | 257                  | 214             | 214                | 90                                                  | -                      | 454                    |
| <u>Total Renewal of Existing Assets</u> | 2   | -               | 550                  | -               | -                  | 500                                                 | -                      | -                      |
| Infrastructure - Road transport         |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Infrastructure - Electricity            |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Infrastructure - Water                  |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |
| Infrastructure - Sanitation             |     | -               | -                    | -               | -                  | -                                                   | -                      | -                      |

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|                                                       |      |      |        |         |         |        |        |        |
|-------------------------------------------------------|------|------|--------|---------|---------|--------|--------|--------|
| Infrastructure - Other                                |      | -    | -      | -       | -       | -      | -      | -      |
| Infrastructure                                        | -    | -    | -      | -       | -       | -      | -      | -      |
| Community                                             | -    | -    | -      | -       | -       | -      | -      | -      |
| Heritage assets                                       | -    | -    | -      | -       | -       | -      | -      | -      |
| Investment properties                                 | -    | -    | -      | -       | -       | -      | -      | -      |
| Other assets                                          | 6    | -    | 550    | -       | -       | 500    | -      | -      |
| Agricultural Assets                                   |      | -    | -      | -       | -       | -      | -      | -      |
| Biological assets                                     |      | -    | -      | -       | -       | -      | -      | -      |
| Intangibles                                           |      | -    | -      | -       | -       | -      | -      | -      |
| <b>Total Capital Expenditure</b>                      | 4    |      |        |         |         |        |        |        |
| Infrastructure - Road transport                       |      | -    | 10,135 | 587     | 587     | 9,723  | 14,656 | 16,100 |
| Infrastructure - Electricity                          |      | -    | -      | -       | -       | -      | -      | -      |
| Infrastructure - Water                                |      | -    | 15,127 | 61,294  | 61,294  | 27,036 | 33,000 | 27,000 |
| Infrastructure - Sanitation                           |      | -    | 24,985 | 30,960  | 30,960  | 15,000 | 13,500 | 11,000 |
| Infrastructure - Other                                |      | -    | 320    | -       | -       | -      | -      | -      |
| Infrastructure                                        |      | -    | 50,567 | 92,841  | 92,841  | 51,759 | 61,156 | 54,100 |
| Community                                             |      | -    | 12,115 | 5,007   | 5,007   | 13,768 | 14,464 | 18,911 |
| Heritage assets                                       |      | -    | -      | -       | -       | 4,285  | 9,357  | 7,343  |
| Investment properties                                 |      | -    | -      | -       | -       | -      | -      | -      |
| Other assets                                          |      | -    | 6,503  | 4,323   | 4,323   | 11,657 | 9,614  | 14,802 |
| Agricultural Assets                                   |      | -    | -      | -       | -       | -      | -      | -      |
| Biological assets                                     |      | -    | -      | -       | -       | -      | -      | -      |
| Intangibles                                           |      | -    | 257    | 214     | 214     | 90     | -      | 454    |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>        | 2    | -    | 69,442 | 102,385 | 102,385 | 81,559 | 94,591 | 95,610 |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>             | 5    |      |        |         |         |        |        |        |
| Infrastructure - Road transport                       |      |      |        |         |         |        |        |        |
| Infrastructure - Electricity                          |      |      |        |         |         |        |        |        |
| Infrastructure - Water                                |      |      |        |         |         |        |        |        |
| Infrastructure - Sanitation                           |      |      |        |         |         |        |        |        |
| Infrastructure - Other                                |      |      |        |         |         |        |        |        |
| Infrastructure                                        |      | -    | -      | -       | -       | -      | -      | -      |
| Community                                             |      |      |        |         |         |        |        |        |
| Heritage assets                                       |      |      |        |         |         |        |        |        |
| Investment properties                                 |      | -    | -      | -       | -       | -      | -      | -      |
| Other assets                                          |      |      |        |         |         |        |        |        |
| Agricultural Assets                                   |      | -    | -      | -       | -       | -      | -      | -      |
| Biological assets                                     |      | -    | -      | -       | -       | -      | -      | -      |
| Intangibles                                           |      | -    | 257    | 214     | 214     | 90     | -      | 454    |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>       | 5    | -    | 257    | 214     | 214     | 90     | -      | 454    |
| <b>EXPENDITURE OTHER ITEMS</b>                        |      |      |        |         |         |        |        |        |
| <u>Depreciation &amp; asset impairment</u>            |      | -    | 1,152  | 1,152   | 1,152   | 5,615  | 5,902  | 6,191  |
| <u>Repairs and Maintenance by Asset Class</u>         |      | -    | 7,061  | 6,558   | 6,558   | 9,278  | 11,613 | 14,772 |
| Infrastructure - Road transport                       |      | -    | 621    | 208     | 208     | 220    | 234    | 849    |
| Infrastructure - Electricity                          |      | -    | -      | -       | -       | -      | -      | -      |
| Infrastructure - Water                                |      | -    | 1,646  | 2,603   | 2,603   | 6,169  | 8,108  | 10,435 |
| Infrastructure - Sanitation                           |      | -    | 456    | 261     | 261     | 76     | 81     | 86     |
| Infrastructure - Other                                |      | -    | 11     | 5       | 5       | 52     | 55     | 59     |
| Infrastructure                                        |      | -    | 2,734  | 3,078   | 3,078   | 6,516  | 8,478  | 11,429 |
| Community                                             |      | -    | 450    | 110     | 110     | 56     | 59     | 62     |
| Heritage assets                                       |      | -    | -      | -       | -       | -      | -      | -      |
| Investment properties                                 |      | -    | -      | -       | -       | -      | -      | -      |
| Other assets                                          | 6, 7 | -    | 3,877  | 3,370   | 3,370   | 2,707  | 3,076  | 3,281  |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>                  |      | -    | 8,213  | 7,710   | 7,710   | 14,894 | 17,515 | 20,963 |
| <i>Renewal of Existing Assets as % of total capex</i> |      | 0.0% | 0.8%   | 0.0%    | 0.0%    | 0.6%   | 0.0%   | 0.0%   |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                                             |  |      |         |         |         |          |       |         |
|---------------------------------------------|--|------|---------|---------|---------|----------|-------|---------|
| Renewal of Existing Assets as % of deprecn" |  | 0.0% | 47.7%   | 0.0%    | 0.0%    | 8.9%     | 0.0%  | 0.0%    |
| R&M as a % of PPE                           |  | 0.0% | 6.2%    | 1.1%    | 1.1%    | 11.6%    | 13.3% | 15.7%   |
| Renewal and R&M as a % of PPE               |  | 0.0% | 2960.0% | 3063.0% | 3063.0% | 10865.0% | 0.0%  | 3253.0% |

- ✓ Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

### ➤ Explanatory notes to Table A10 - Basic Service Delivery Measurement

NC451 Joe Morolong - Table A10 Basic service delivery measurement

| Description                                      | Ref | 2011/12 | Current Year 2012/13 |                 |                    | 2013/14 Medium Term Revenue & Expenditure Framework |                        |                        |
|--------------------------------------------------|-----|---------|----------------------|-----------------|--------------------|-----------------------------------------------------|------------------------|------------------------|
|                                                  |     | Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2013/14                                 | Budget Year +1 2014/15 | Budget Year +2 2015/16 |
| <b><u>Household service targets</u></b>          | 1   |         |                      |                 |                    |                                                     |                        |                        |
| <b><u>Water:</u></b>                             |     |         |                      |                 |                    |                                                     |                        |                        |
| Piped water inside dwelling                      |     |         |                      |                 |                    |                                                     |                        |                        |
| Piped water inside yard (but not in dwelling)    |     |         |                      |                 |                    |                                                     |                        |                        |
| Using public tap (at least min.service level)    | 2   |         |                      |                 |                    |                                                     |                        |                        |
| Other water supply (at least min.service level)  | 4   |         |                      |                 |                    |                                                     |                        |                        |
| <i>Minimum Service Level and Above sub-total</i> |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| Using public tap (<min.service level)            | 3   |         |                      |                 |                    |                                                     |                        |                        |
| Other water supply (<min.service level)          | 4   |         |                      |                 |                    |                                                     |                        |                        |
| No water supply                                  |     |         |                      |                 |                    |                                                     |                        |                        |
| <i>Below Minimum Service Level sub-total</i>     |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| Total number of households                       | 5   | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| <b><u>Sanitation/sewerage:</u></b>               |     |         |                      |                 |                    |                                                     |                        |                        |
| Flush toilet (connected to sewerage)             |     |         |                      |                 |                    |                                                     |                        |                        |
| Flush toilet (with septic tank)                  |     |         |                      |                 |                    |                                                     |                        |                        |
| Chemical toilet                                  |     |         |                      |                 |                    |                                                     |                        |                        |
| Pit toilet (ventilated)                          |     |         |                      |                 |                    |                                                     |                        |                        |
| Other toilet provisions (>min.service level)     |     |         |                      |                 |                    |                                                     |                        |                        |
| <i>Minimum Service Level and Above sub-total</i> |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| Bucket toilet                                    |     |         |                      |                 |                    |                                                     |                        |                        |
| Other toilet provisions (<min.service level)     |     |         |                      |                 |                    |                                                     |                        |                        |
| No toilet provisions                             |     |         |                      |                 |                    |                                                     |                        |                        |
| <i>Below Minimum Service Level sub-total</i>     |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| Total number of households                       | 5   | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| <b><u>Energy:</u></b>                            |     |         |                      |                 |                    |                                                     |                        |                        |
| Electricity (at least min.service level)         |     |         |                      |                 |                    |                                                     |                        |                        |
| Electricity - prepaid (min.service level)        |     |         |                      |                 |                    |                                                     |                        |                        |
| <i>Minimum Service Level and Above sub-total</i> |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| Electricity (<min.service level)                 |     |         |                      |                 |                    |                                                     |                        |                        |
| Electricity - prepaid (< min. service level)     |     |         |                      |                 |                    |                                                     |                        |                        |
| Other energy sources                             |     |         |                      |                 |                    |                                                     |                        |                        |
| <i>Below Minimum Service Level sub-total</i>     |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| Total number of households                       | 5   | -       | -                    | -               | -                  | -                                                   | -                      | -                      |
| <b><u>Refuse:</u></b>                            |     |         |                      |                 |                    |                                                     |                        |                        |
| Removed at least once a week                     |     |         |                      |                 |                    |                                                     |                        |                        |
| <i>Minimum Service Level and Above sub-total</i> |     | -       | -                    | -               | -                  | -                                                   | -                      | -                      |

## JOE MOROLONG LOCAL MUNICIPALITY DRAFT BUDGET 2013/14

|                                                                     |   |   |        |        |        |       |   |   |
|---------------------------------------------------------------------|---|---|--------|--------|--------|-------|---|---|
| Removed less frequently than once a week                            |   |   |        |        |        |       |   |   |
| Using communal refuse dump                                          |   |   |        |        |        |       |   |   |
| Using own refuse dump                                               |   |   |        |        |        |       |   |   |
| Other rubbish disposal                                              |   |   |        |        |        |       |   |   |
| No rubbish disposal                                                 |   |   |        |        |        |       |   |   |
| <i>Below Minimum Service Level sub-total</i>                        |   | - | -      | -      | -      | -     | - | - |
| Total number of households                                          | 5 | - | -      | -      | -      | -     | - | - |
| <b><u>Households receiving Free Basic Service</u></b>               | 7 |   |        |        |        |       |   |   |
| Water (6 kilolitres per household per month)                        |   |   |        |        |        |       |   |   |
| Sanitation (free minimum level service)                             |   |   |        |        |        |       |   |   |
| Electricity/other energy (50kwh per household per month)            |   |   |        |        |        |       |   |   |
| Refuse (removed at least once a week)                               |   |   |        |        |        |       |   |   |
| <b><u>Cost of Free Basic Services provided (R'000)</u></b>          | 8 |   |        |        |        |       |   |   |
| Water (6 kilolitres per household per month)                        |   |   | 19,190 | 19,190 | 19,190 | 158   |   |   |
| Sanitation (free sanitation service)                                |   |   |        |        |        |       |   |   |
| Electricity/other energy (50kwh per household per month)            |   |   | 1,283  | 1,283  | 1,283  | 1,765 |   |   |
| Refuse (removed once a week)                                        |   |   |        |        |        |       |   |   |
| Total cost of FBS provided (minimum social package)                 |   | - | 20,473 | 20,473 | 20,473 | 1,923 | - | - |
| <b><u>Highest level of free service provided</u></b>                |   |   |        |        |        |       |   |   |
| Property rates (R value threshold)                                  |   |   |        |        |        |       |   |   |
| Water (kilolitres per household per month)                          |   |   |        |        |        |       |   |   |
| Sanitation (kilolitres per household per month)                     |   |   |        |        |        |       |   |   |
| Sanitation (Rand per household per month)                           |   |   |        |        |        |       |   |   |
| Electricity (kwh per household per month)                           |   |   |        |        |        |       |   |   |
| Refuse (average litres per week)                                    |   |   |        |        |        |       |   |   |
| <b><u>Revenue cost of free services provided (R'000)</u></b>        | 9 |   |        |        |        |       |   |   |
| Property rates (R15 000 threshold rebate)                           |   |   |        |        |        |       |   |   |
| Property rates (other exemptions, reductions and rebates)           |   |   |        |        |        |       |   |   |
| Water                                                               |   |   |        |        |        |       |   |   |
| Sanitation                                                          |   |   |        |        |        |       |   |   |
| Electricity/other energy                                            |   |   |        |        |        |       |   |   |
| Refuse                                                              |   |   |        |        |        |       |   |   |
| Municipal Housing - rental rebates                                  |   |   |        |        |        |       |   |   |
| Housing - top structure subsidies                                   |   |   |        |        |        |       |   |   |
| Other                                                               |   |   |        |        |        |       |   |   |
| Total revenue cost of free services provided (total social package) | 6 | - | -      | -      | -      | -     | - | - |

- ✓ Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- ✓ The municipality continues to make good progress with the eradication of backlogs

Thank you